

30 SEP 1987

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MEMORANDUM FOR: Deputy Director of Central Intelligence

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VIA: Executive Director

FROM: Henry P. Mahoney
Acting Deputy Director for Administration

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SUBJECT: Intelligence Community Legislative Proposals for Second Session of the 100th Congress

1. I would like to revisit the decision to remove from the list of legislative ideas the language withdrawing the Agency from the Federal Employees Health Benefits Program (FEHBP). Jim's comments to you were correct. We are not anywhere near having enough data to make an informed decision on withdrawing, and we would not go forward with such legislation before we have had additional conversations with the Office of Personnel Management (OPM), with our insurance consultants, and with our oversight committees. However we do have problems in the health insurance area and some action is going to be necessary. We already have discussed these problems with HPSCI and SSCI, and it is important that we put forward a marker at this time so that if we later need legislation we are not faulted for having failed to disclose this fact in our draft legislative proposals.

2. The more substantive reasons for including this legislative proposal are:

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a. The Office of Personnel Management has indicated support for our leaving the Federal Employees Health Benefits Program and, in fact, suggested it. If they persist in this view, and particularly, if there are changes to the Federal Employees Health Benefits Program which magnify rather than solve our insurance problem, we may find it necessary to seek legislation to deviate from the Federal Employees Health Benefits Program.

b. We have a contract with [] to study the implications of staying with or leaving Federal Employees Health Benefits Program. We also anticipate the National Academy of Public Administration (NAPA) will be directed by Congress to study this issue among others and, in the event that either or both of these consultants favor withdrawal, it will be useful to have had this legislative marker.

c. We may be able to work with the Office of Personnel Management to develop a flexible benefit demonstration project. Such a demonstration project, even under the Office of Personnel Management auspices, would require legislative sanction and modification of the current Federal Employees Health Benefits Program structure and again legislation would be necessary.



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the 100th Congress

3. For these reasons, I think we should put forth some language to preserve our options. Modified language is attached that clarifies our intent and I recommend you approve its inclusion in the legislative ideas going forward from Dave Gries.



Henry P. Mahoney

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Attachment:
As stated

Exemption from Federal Employees Health Program

Depending on current, ongoing reviews being conducted by outside consultants on the Agency's health insurance program, the Director of Central Intelligence may include in the proposed Fiscal Year 1989 Intelligence Authorization Act legislation that would authorize the Central Intelligence Agency to modify participation in or withdraw in whole or in part from the Federal Employees Health Benefit Program.

OK
Rg.